

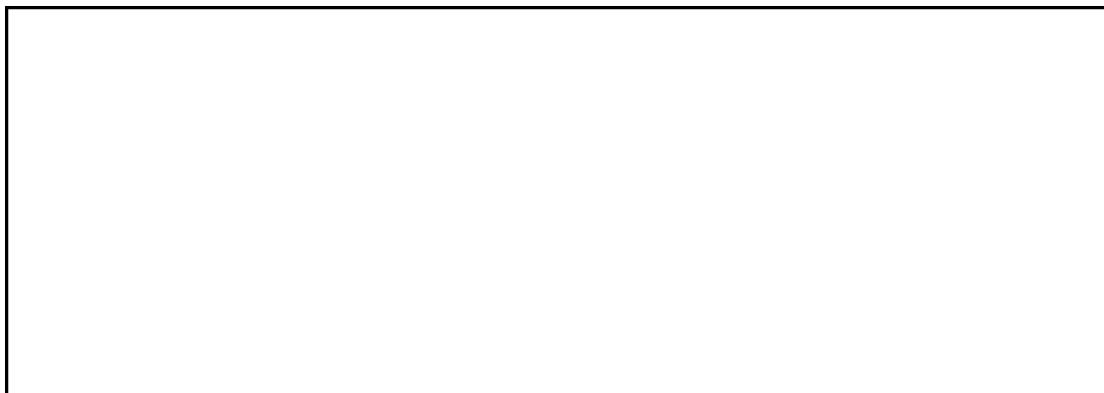
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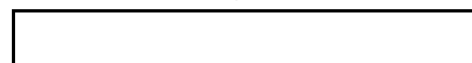


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Oil Prospects in Burma and Thailand

28 February 1974

S-Project 5974



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Oil Prospects in Burma and Thailand

Several offshore exploratory tests in fairly shallow waters bordering Burma and Thailand indicate promising potential for oil and gas discovery. Several Burmese onshore areas have a long history of oil production and further deep exploration could increase the present reserves of petroleum substantially. The presence of thick Cretaceous sediments and less than 250 foot water depths in offshore shelf areas justify greater interest in this relatively unexplored area. However, the prospects for future oil and gas production already have caused boundary disputes between Thailand and several other countries with overlapping offshore territorial claims in the Gulf of Thailand.

Burma

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Some offshore drilling has occurred in the Gulf of Martaban which was conducted under contract with a US drilling firm. Japan financed this activity with a \$10 million loan. Results of the program confirmed the presence of thick Cretaceous -- Miocene age sediments and minor gas shows were reported in two wells. A third exploratory well encountered high-pressure natural gas at 7,700 feet

and blew out of control in September 1972. The offshore potential for natural gas looks excellent on the basis of the few wells drilled to date.

Onshore drilling activity has probably increased with the delivery of six US-built drilling rigs and the receipt of another \$10 million Japanese loan in February 1973. Most of the equipment and money are earmarked for 5 wells to be drilled along the Arakan Coast. Previously, much of the onshore exploratory drilling was centered in the Rangoon area, at Hmawbi, Syrian and Thayetmyo. Non-commercial gas shows were reported in these tests. Another test well on the east bank of the Irrawaddy, south of Prome, tested commercial quantities of oil. Deeper drilling in the Irrawaddy and offshore areas could make Burma self-sufficient in oil.


Production of crude oil averaged 23,000 B/D in 1973 from about 700 wells. For the first time, oil output surpassed the pre-World War II peak level of 21,000 B/D. Development of the Mann Field, which produces more than 6,000 B/D, has more than offset declining output at older fields. Crude oil from this field has a high wax content which creates some problems in refining. Natural gas production reached 21 million CFD, most of which is located in the Yenangyat area. Much of the gas is used for the production of fertilizer.

There is no evidence that Burma will alter present policy and consider offers for Indonesian-type production sharing contracts by western oil companies.

Thailand

East Coast

A very encouraging flow of crude oil and natural gas was encountered by Tenneco Incorporated between 9,000 to 11,000 foot depths at an exploratory well in Thailand sector of the Gulf of Thailand. The well was located about 160 miles offshore in 240 feet of water. Four additional confirmation tests are scheduled to be drilled in 1974 to evaluate and delineate this find. Union Oil and Gulf Oil also recovered natural gas, condensate and possibly oil from offshore wells located northwest of the Tenneco site.

Exploratory drilling results in the Gulf of Thailand during the past two years have established that the petroleum potential of the seabed is very promising. Consequently, the carve-up of the offshore area by surrounding countries has started in earnest and demarcation disputes already have arisen. Thailand's concessions are disputed by Cambodia.  About half of South Vietnam's offshore concession area is contested by Thailand, Cambodia, Malaysia and Indonesia. Only Thailand and Malaysia have commenced discussion of their boundary differences to date. Some

resolution of the offshore demarcation issues will be necessary before development can proceed unhindered in the contested areas.

West Coast

In the Andaman Sea, at least four offshore lease blocks covering 11,200 square miles, have been acquired by three US companies and two blocks of 5,800 square miles remain
unleased.

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Onshore

Exploration work has slowed down since Union Oil abandoned an exploratory well during April 1972, in the Khorat Plateau area of Northwest Thailand. Domestic oil production is averaging only 146 B/D, which comes from the Mae Soon Tuang Field. This small field was discovered in 1963 and no other finds have been made to date.

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Next 1 Page(s) In Document Exempt

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